

CHAPTER 12  
MANUFACTURING MODERNIZATION  
IMPLEMENTATION FUND

**851—12.1(15E) Purpose.** The purpose of the manufacturing modernization implementation fund is to provide an incentive to Iowa manufacturers for carrying out a plan of industrial improvement developed through the regional manufacturing technology outreach program.

**851—12.2(15E) Definitions.**

*“Manufacturer”* means an Iowa business actively engaged in the production of tangible products described within the standard industrial classification codes 20 through 39, and which conforms to the U.S. Small Business Administration’s definition of a small manufacturer.

*“Manufacturing technology outreach specialist”* means a person responsible for delivering services defined in Iowa Code section 15E.166, regionally based manufacturing technology program, and pursuant to a contract between the foundation and a community college.

*“Modernization plan”* means a course of action designed to improve the level of competitiveness and modernization of the manufacturer developed in consultation between the manufacturer and the manufacturing technology outreach specialist.

*“Modernization plan contract”* means the scope of work and outcomes agreed to between a manufacturer and the foundation.

**851—12.3(15E) Implementation fund.** A fund is established within the foundation to assist with the implementation of a modernization plan. The foundation may reimburse a manufacturer for costs directly incurred in implementing an approved modernization plan. The maximum award or low interest loan shall not exceed \$15,000 to any manufacturer.

**12.3(1) Form of assistance.** The foundation will make direct reimbursement to the manufacturer for costs incurred pursuant to an approved modernization plan contract on a monthly basis. Reimbursement requests shall include documentation of the eligible costs having been paid by the manufacturer.

**12.3(2) Use of funds.** Expenses eligible for reimbursement include the following:

- a. Qualified expert services;
- b. Federal laboratory assistance;
- c. Specialized software programs used in the manufacturing process;
- d. Verification of capabilities of new equipment or reconstruction of existing equipment;
- e. Training or retraining services not eligible under Iowa Code chapter 260E or 260F, job training programs;
- f. Other expenses clearly identified within the approved modernization plan.

**12.3(3) Ineligible expenses.** Ineligible expenses include the following:

- a. Capital equipment;
- b. Building alterations;
- c. Travel expenses;
- d. Overhead expenses;
- e. Training or retraining services which are eligible under Iowa Code chapter 260E or 260F, job training programs;
- f. Other expenses not clearly identified within the approved modernization plan.

**12.3(4) Matching funds.** The application shall include a budget which shows sources and uses of funds and which describes the cost-sharing match for the modernization plan. Indirect or in-kind contribution by the manufacturer or from other sources shall not qualify as match. Matching funds shall be required subject to the following:

*a.* For requests of \$5,000 or less. The manufacturer shall be required to provide a dollar-for-dollar match.

*b.* For requests for more than \$5,000. The manufacturer shall be required to match every one foundation dollar with two dollars. For example: If the manufacturer's total modernization plan budget is \$25,000, the first \$10,000 would be subject to a 1:1 match of \$5,000 foundation funds and \$5,000 manufacturer funds. The remaining \$15,000 of the modernization plan budget would be subject to a 2:1 match consisting of \$5,000 foundation funds and \$10,000 manufacturer funds.

**851—12.4(15E) Submission of requests.** All requests shall be submitted to the foundation by a manufacturing technology outreach specialist on behalf of the manufacturer. Applications will be reviewed in the order received by the foundation. Applications shall include:

1. A brief description of the business.
2. A description of the modernization plan defining the steps and activities to be achieved.
3. A letter of participation signed by an officer authorized to act on behalf of the manufacturer.
4. Estimated time line of implementation of the plan.
5. Proposed budget, including the manufacturer's financial participation for implementing the plan.
6. A description of how the expertise necessary to achieve each step or activity will be accessed.
7. Anticipated outcomes the manufacturer expects to realize upon completion of the key activities in the modernization plan, e.g., capacity utilization, decreased production costs, reduced lead or cycle time, increased output, workforce factors, quality improvements, financial factors, or other similar outcomes.

**851—12.5(15E) Evaluation of requests.** Requests for financial participation shall be reviewed, evaluated, and acted upon in the following manner:

1. All requests shall be date-stamped upon delivery to the foundation;
2. The program manager for the regional manufacturing technology program will review, evaluate, and make recommendations to the executive director of the foundation;
3. The executive director will make the final decision on award of financial assistance;
4. The foundation will inform the manufacturing technology outreach specialist of its funding decision within 30 days of the date of receipt, unless extenuating circumstances exist. In the event the foundation requests additional information, the decision may be readjusted to 30 days following receipt of the additional information.

**851—12.6(15E) Request for reconsideration.** A request which has been denied may be submitted for reconsideration of the executive director's decision.

**12.6(1) Procedure.** A request for reconsideration shall be submitted by the manufacturing technology outreach specialist in writing to the executive director within 15 days of receipt of the denial notice. The request shall include specific reasons to justify the reconsideration including, but not limited to, new information not available at the time of the original decision.

**12.6(2) Reconsideration.** If the executive director accepts a request for reconsideration, the foundation staff will review the new information, schedule a meeting of the parties, and formulate a new recommendation.

**851—12.7(15E) Contracts.** Upon approval by the executive director, foundation staff shall prepare a contract. Contracts shall be subject to terms and conditions consistent with the modernization plan and anticipated outcomes. Contract terms shall include, but are not limited to, conditions for the reimbursement of costs, representations, anticipated outcomes, warranties and covenants of the manufac-

turer, terms of participation, default provisions, and general terms and conditions for contract administration.

**851—12.8(15E) Administration of projects.**

**12.8(1) *Reimbursements.*** Reimbursements to the manufacturer by the foundation shall be according to the budget agreed to in the contract. Reimbursements which represent a substantial change from the budget shall require prior written approval from the executive director.

**12.8(2) *Monitoring.*** The foundation reserves the right to monitor each contract to verify that the implementation plan is progressing according to the terms and conditions of the contract.

**12.8(3) *Reports.*** The manufacturer shall provide the foundation with a quarterly progress report until such time as the anticipated outcomes have been achieved, modified, or abandoned, and the contract has been closed.

These rules are intended to implement Iowa Code sections 15E.165 and 15E.166.

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